

Asset Price Monitor

Local Equity Markets

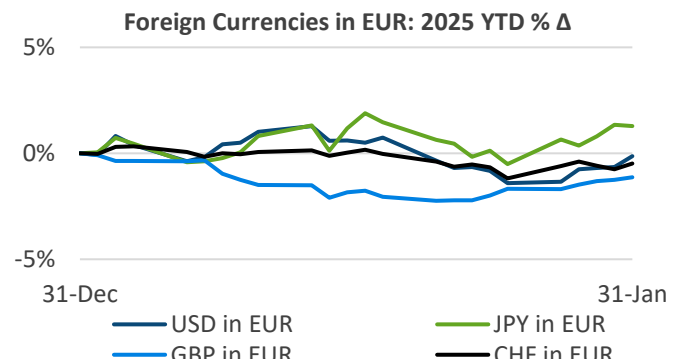
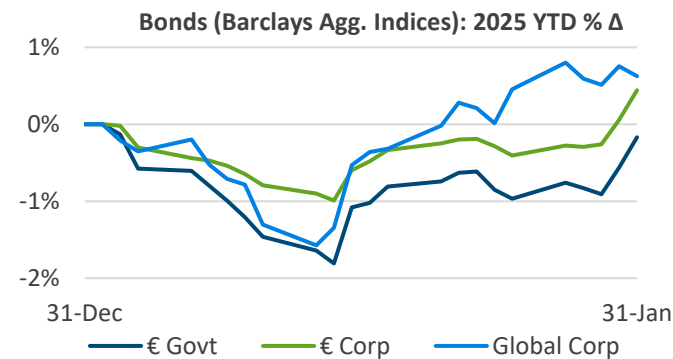
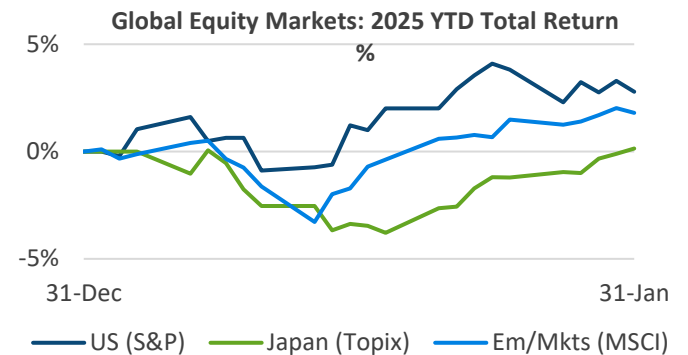
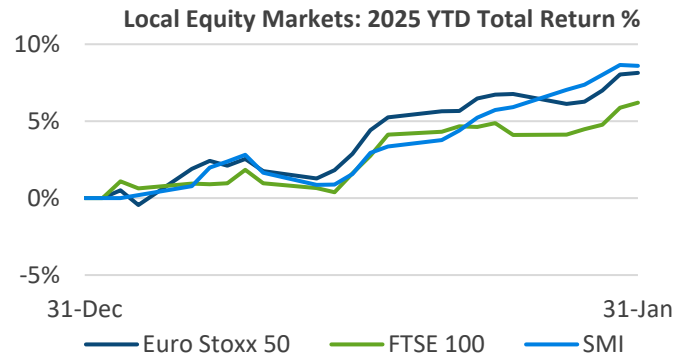
- Global equity markets had a strong start to 2025, with the Euro Stoxx 50 outperforming its global peers as stronger than expected Eurozone economic data and revised earnings expectations supported equities in the region.
- The Euro Stoxx 50 was up 8.1%.
- The FTSE 100 returned 6.2%.

Global Equity Markets

- The S&P 500 ended the month up 2.8%.
- The Topix index ended the month flat.
- The MSCI emerging markets index gained 1.8%.

Bond/FX Markets

- European government bonds fell by 0.2%. Conversely, the European corporate bond index gained 0.4%.
- The Euro had a mixed performance in January, gaining 1.1% against the British Pound, whilst weakening by 1.3% against the Japanese Yen. The Euro was relatively unchanged against the US Dollar.



	Total Returns as of January 31, 2025											
	Euro Stoxx 50	FTSE 100	SMI	US (S&P)	Japan (Topix)	Em/Mkts (MSCI)	€ Govt	€ Corp	CHF in EUR	USD in EUR	JPY in EUR	GBP in EUR
1 Month	8.1%	6.2%	8.6%	2.8%	0.1%	1.8%	-0.2%	0.4%	-0.5%	-0.1%	1.3%	-1.1%
3 Month	9.9%	7.6%	6.8%	6.2%	3.6%	-1.9%	0.7%	1.6%	-0.5%	4.8%	2.8%	1.0%
1 Year	17.5%	18.0%	14.8%	26.4%	11.9%	15.3%	2.3%	5.1%	-1.2%	4.7%	-1.3%	2.0%
YTD	8.1%	6.2%	8.6%	2.8%	0.1%	1.8%	-0.2%	0.4%	-0.5%	-0.1%	1.3%	-1.1%

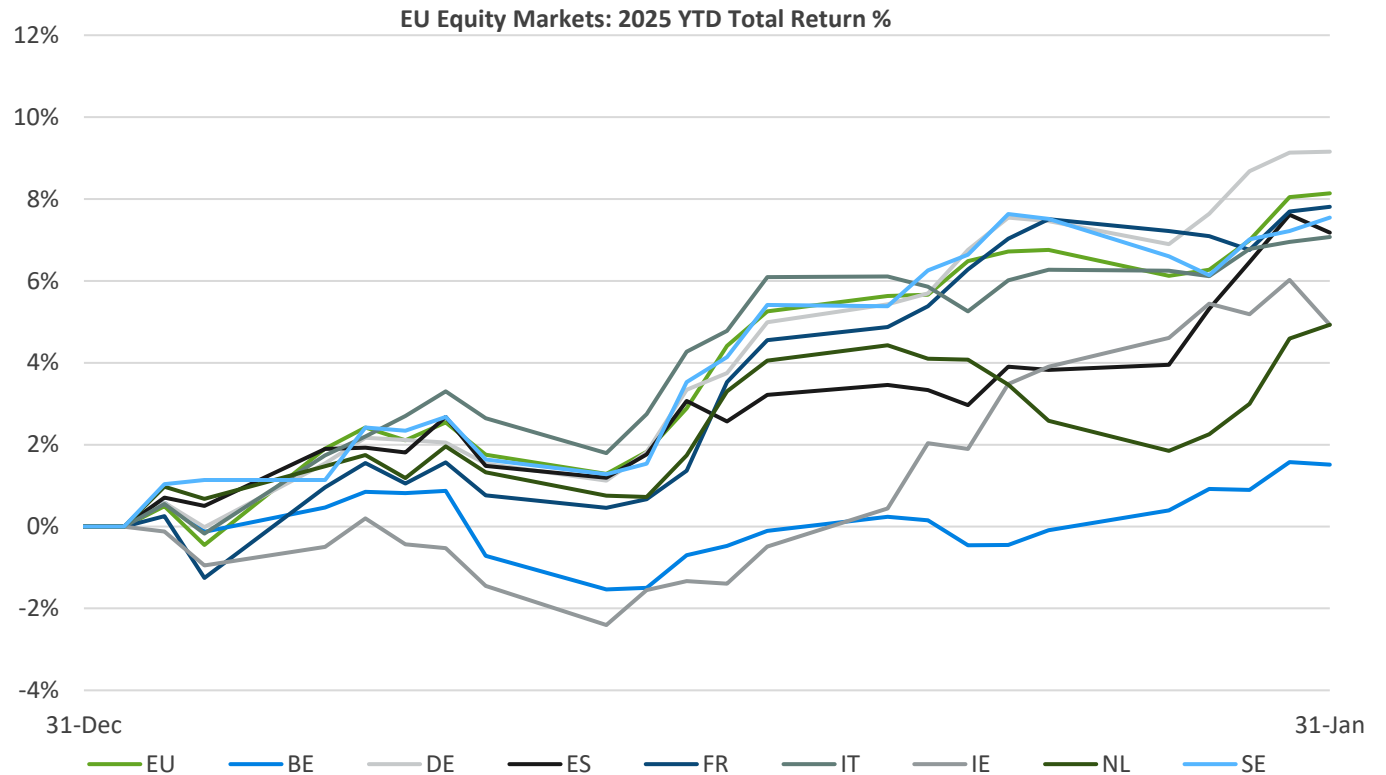
Milliman Financial Risk Management

EuroZone Market Monitor – 31 January 2025

Data sources: Bloomberg; Barclays; EuroStat; EIOPA; ONS; Milliman FRM

Eurozone Equity

- Major European equity markets made solid gains in January.
- The German equity market outperformed, up 9.2% over the month.
- The Belgian equity market was the laggard performer, returning 1.5% in January.



Equity Returns as of January 31, 2025

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	8.1%	1.5%	9.2%	7.2%	7.8%	7.1%	4.9%	4.9%	7.5%
3 Month	9.9%	3.1%	13.9%	7.0%	8.4%	8.1%	6.3%	5.8%	5.2%
QTD	8.1%	1.5%	9.2%	7.2%	7.8%	7.1%	4.9%	4.9%	7.5%
YTD	8.1%	1.5%	9.2%	7.2%	7.8%	7.1%	4.9%	4.9%	7.5%

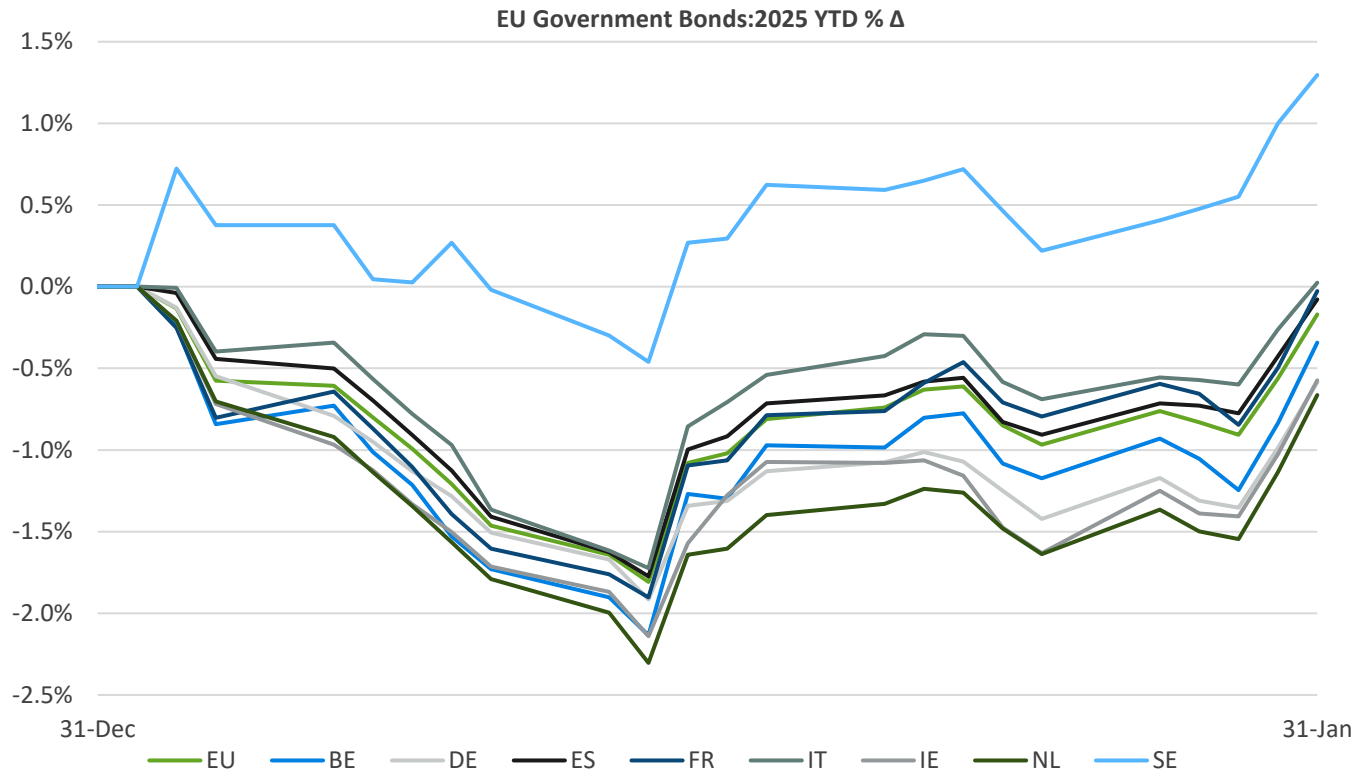
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EuroZone Market Monitor – 31 January 2025

Data sources: Bloomberg; Barclays; EuroStat; EIOPA; ONS; Milliman FRM

Eurozone Government Bonds

- The performance of major European government bonds was mixed in January.
- The Swedish government bond index was the outperformer, gaining 1.3%.
- The Dutch government bond index took the biggest hit, down 0.7%.



Bond Returns as of January 31, 2025

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-0.2%	-0.3%	-0.6%	-0.1%	0.0%	0.0%	-0.6%	-0.7%	1.3%
3 Month	0.7%	0.3%	0.3%	1.0%	0.2%	1.5%	0.5%	0.5%	-0.1%
QTD	-0.2%	-0.3%	-0.6%	-0.1%	0.0%	0.0%	-0.6%	-0.7%	1.3%
YTD	-0.2%	-0.3%	-0.6%	-0.1%	0.0%	0.0%	-0.6%	-0.7%	1.3%

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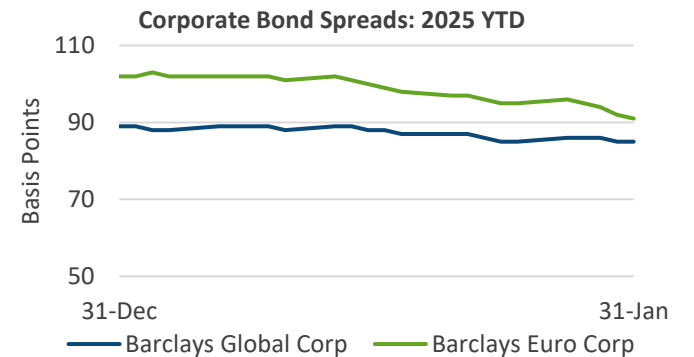
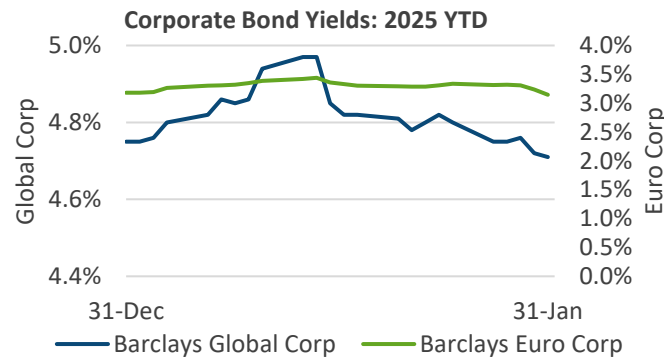
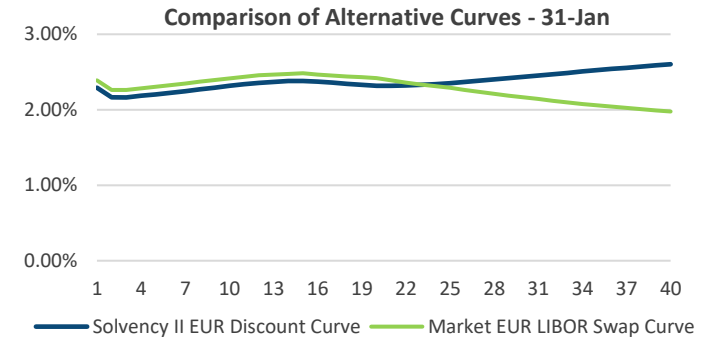
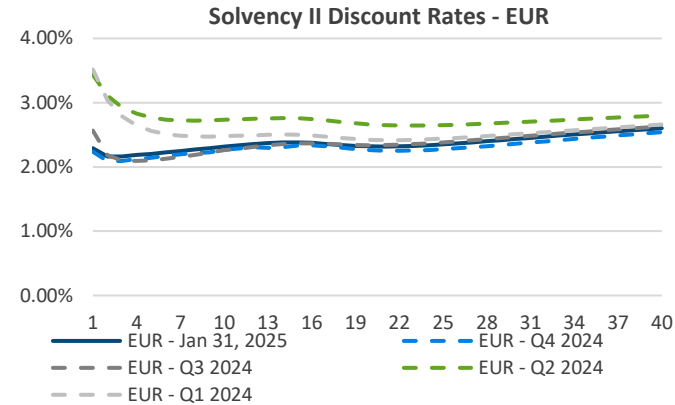
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates rose in the region of 5 to 8 basis points in January.

Corporate Bonds

- Both global and European corporate bond yields fell by 4 basis points in January.
- Both global and European corporate bond spreads tightened in January, with the former tightening by 4 basis points and the latter by 11 basis points
- The increase in risk-free rates, fully offset by the tightening in European corporate bond spreads, resulted in gains for the European corporate bond index.



	Change in Solvency II Discount (bps)						Change in Corporate Bond Yields (bps)		Change in Corporate Bond Spreads (bps)	
	1Y	Y5	Y10	Y20	Y30	Y40	Global Corp	Euro Corp	Global Corp	Euro Corp
Since Q4 2024	6	6	5	6	8	6	-4	-4	-4	-11
Since Q3 2024	-28	10	6	-2	-3	-3	38	-7	-15	-26
Since Q2 2024	-114	-57	-42	-34	-26	-20	-33	-68	-19	-29
Since Q1 2024	-123	-36	-16	-10	-7	-6	-17	-52	-15	-23

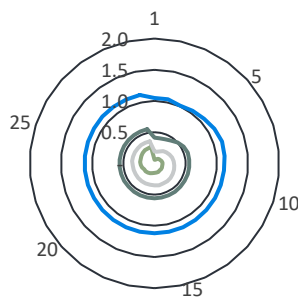
Solvency II Monitor - Spreads

Fundamental Spreads

- The fundamental spread data shown is for the end of December.
- There were no material changes since the last report.

Fundamental Spreads %

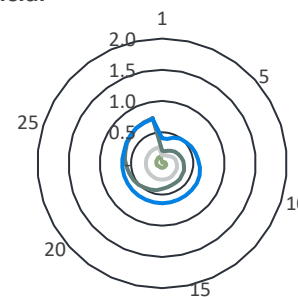
EUR: Financial



— AAA — AA — A — BBB

EUR Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.06	0.10	0.13	0.19	0.27
AA	0.19	0.26	0.33	0.35	0.36
A	0.41	0.50	0.56	0.56	0.56
BBB	1.05	1.07	1.12	1.12	1.12
EUR Financial 'Before Floor' %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.04	0.10	0.19	0.27
AA	0.04	0.07	0.11	0.18	0.26
A	0.05	0.11	0.17	0.29	0.40
BBB	0.11	0.19	0.28	0.41	0.52

EUR: Non-Financial



— AAA — AA — A — BBB

EUR Non-Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.01	0.02	0.07	0.07	0.11
AA	0.13	0.17	0.25	0.26	0.26
A	0.20	0.28	0.37	0.51	0.74
BBB	0.40	0.51	0.63	0.64	0.73
EUR Non-Financial 'Before Floor' %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.01	0.04	0.07	0.11
AA	0.00	0.04	0.09	0.17	0.26
A	0.04	0.15	0.27	0.51	0.74
BBB	0.10	0.21	0.33	0.54	0.73

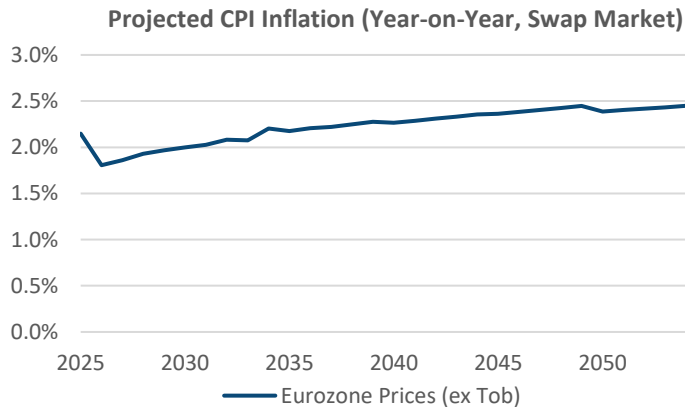
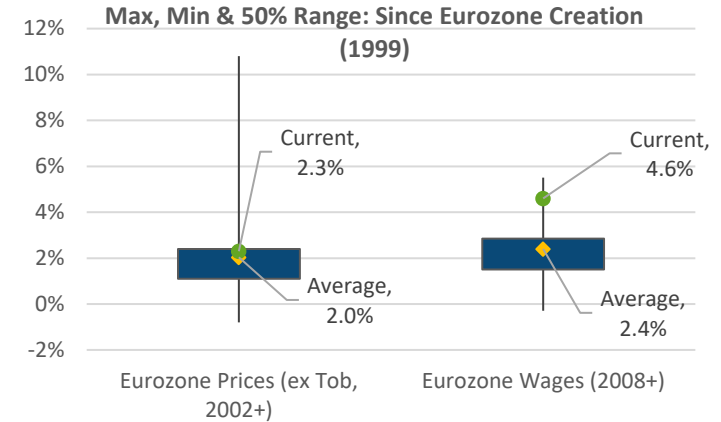
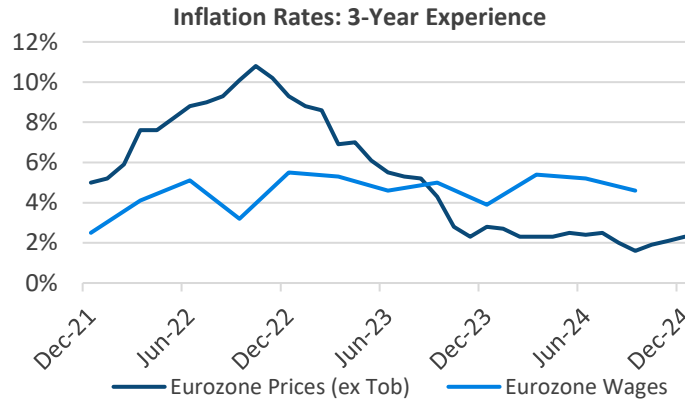
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Bloomberg (current curve is for 31/01/25) and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to the [EIOPA](#) website.

The **Credit Risk Adjustment** is a component of the risk-free discount curve defined by EIOPA. It is calculated from actual experience in the 'LIBOR-OIS' spread (3 months for EUR), and is bounded between 0.10 and 0.35. We show actual LIBOR-OIS spread levels and the defined CRA, for EUR.

EIOPA fundamental spreads show the credit spread corresponding to the risk of default or downgrading of an asset. This is shown here across financial and non-financial assets, credit quality steps 0-3 and durations of 1-30 years. The data is provided by EIOPA and as of 31/12/24. **Fundamental spread** = maximum (probability of default + cost of downgrade; 35% of long-term average spread). In the tables we show the **'before floor'** measure = probability of default + cost of downgrade.

Inflation Monitor

- Eurozone price inflation increased by 20 basis points to 2.3% in December.
- The Eurozone projected CPI curve was relatively unchanged from the previous month.
- Eurozone Q4 2024 GDP grew by 0.9%, matching the previous quarter.
- There were no updates to the wage inflation figures this month.



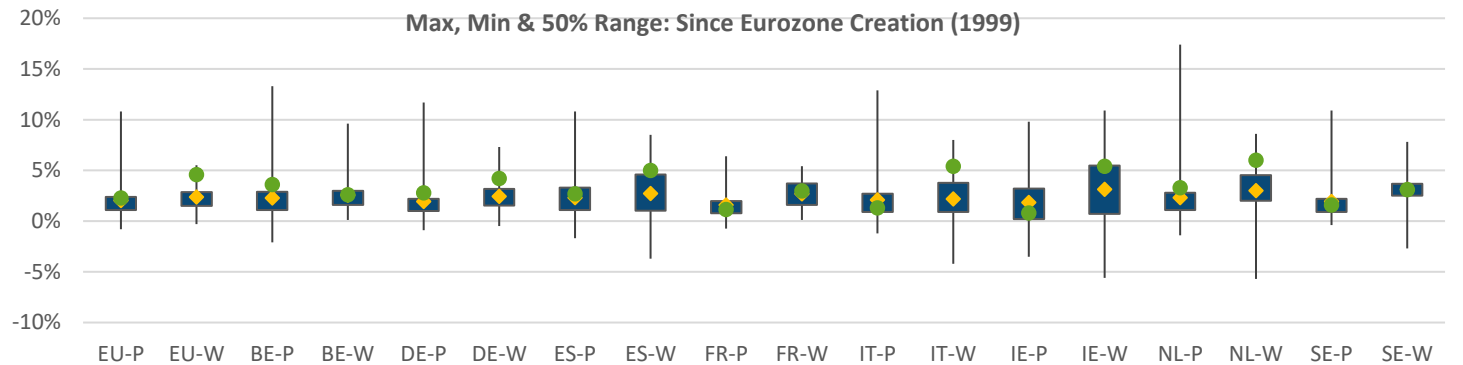
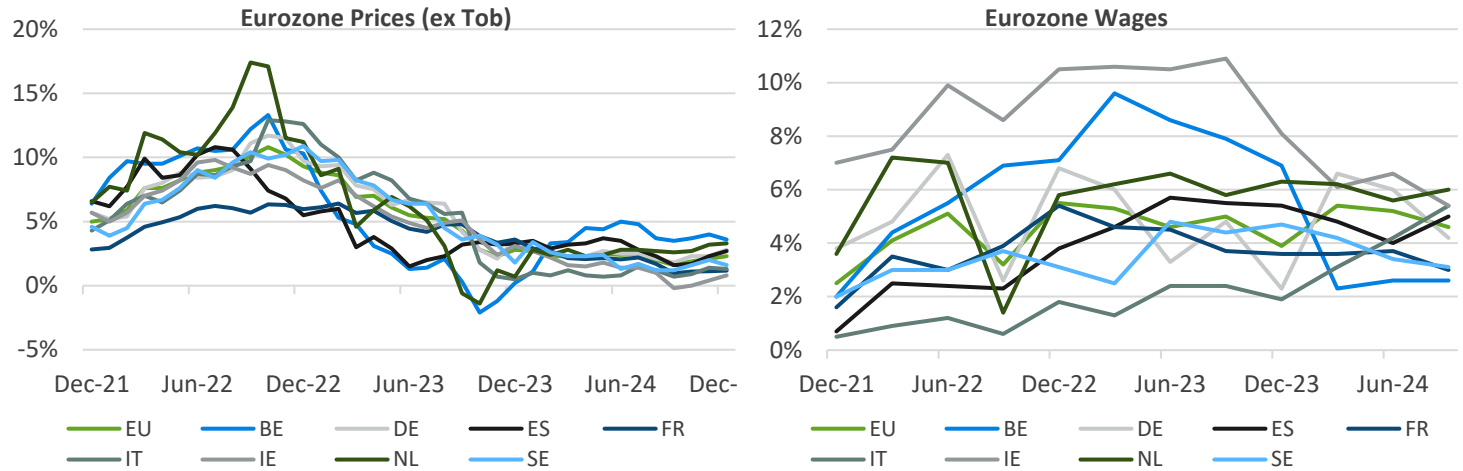
Milliman Financial Risk Management

EuroZone Market Monitor – 31 January 2025

Data sources: Bloomberg; Barclays; EuroStat; EIOPA; ONS; Milliman FRM

Inflation Monitor

- Movements in price inflation were mixed for major European economies in December.
- Germany saw the largest increase in price inflation in December, rising by 50 basis points to 2.8%.
- Sweden and Belgium saw the largest decline in price inflation in December both falling by 40 basis points to 1.6% and 3.6%, respectively. However, despite the monthly decline, Belgium posted the highest reading in the region at 3.6%.
- Ireland posted the lowest reading in the region at 0.8%.
- There were no updates to wage inflation figures this month.



	EU-P	EU-W	BE-P	BE-W	DE-P	DE-W	ES-P	ES-W	FR-P	FR-W	IT-P	IT-W	IE-P	IE-W	NL-P	NL-W	SE-P	SE-W
Avg.	2.0%	2.4%	2.3%	2.6%	2.0%	2.5%	2.3%	2.7%	1.6%	2.7%	2.1%	2.2%	1.9%	3.1%	2.3%	3.0%	1.9%	3.1%
Cur	2.3%	4.6%	3.6%	2.6%	2.8%	4.2%	2.7%	5.0%	1.2%	3.0%	1.3%	5.4%	0.8%	5.4%	3.3%	6.0%	1.6%	3.1%



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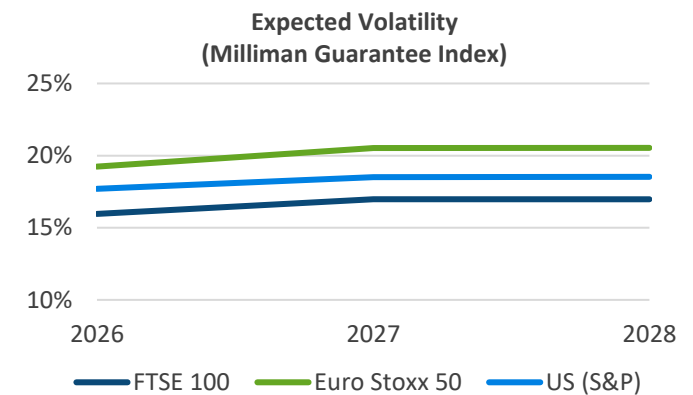
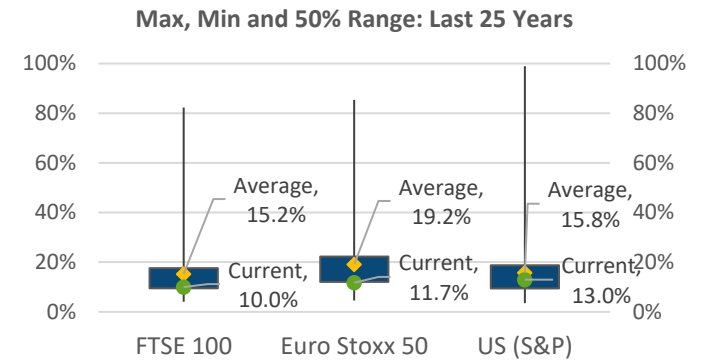
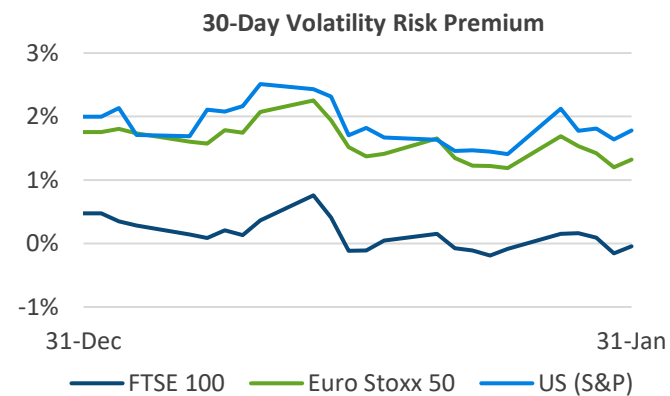
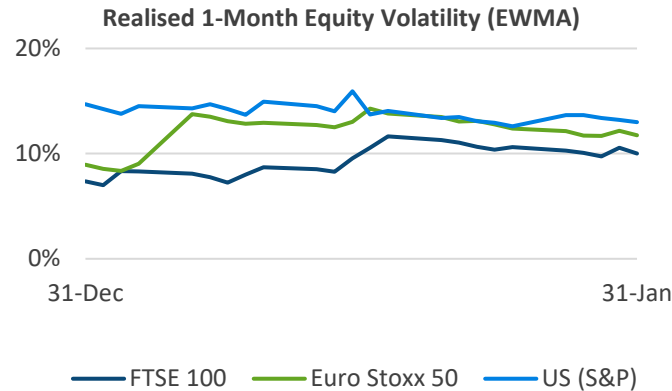
EuroZone Market Monitor – 31 January 2025

Data sources: Bloomberg; Barclays; EuroStat; EIOPA; ONS; Milliman FRM

Volatility and Hedging Cost Monitor

- Realised volatilities of the FTSE 100 and the Euro Stoxx 50 increased, whilst the realised volatility of the S&P 500 was lower at month-end.
- The FTSE 100 ended the month with a realised volatility of 10.0%. The same measure stood at 11.7% and 13.0% on the Euro Stoxx 50 and the S&P 500, respectively.
- Volatility risk premiums on major indices declined. The FTSE 100 had a volatility risk premium of 0.0% at month-end. The volatility risk premium on the Euro Stoxx 50 was 1.3%, and 1.8% on the S&P 500.

Please contact Milliman for more information on the basis and methodology used for these results.





Creating transformational improvement in the retirement savings industry.

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Established in 1998, the practice includes professionals operating from four trading platforms around the world (Chicago, London and Sydney).

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Chicago

71 South Wacker Drive
Chicago, IL 60606
+1 855 645 5462

London

Eastcheap Court
11 Philpot Lane
London
EC3M 8AA
UK
+44 0 20 7847 1557

Sydney

Level 5, 60-62 Clarence St
Sydney, NSW 2000
Australia
+610 2 8090 9100

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